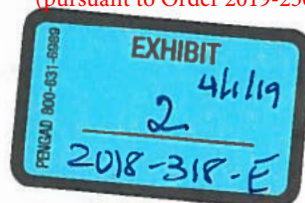


[REDACTED]
Florence, SC [REDACTED]

David B. Fountain, Esq.
Senior Vice-President, Legal
Chief Ethics and Compliance Officer and Corporate Secretary
Duke Energy
550 South Tryon Street,
Charlotte, NC 28202

PUBLIC VERSION
(pursuant to Order 2019-236)



Re: \$9,610.62 Billing Mistake as a Misc* fee unexplained

Affected Account Name: Frank Ervin

Affected Account Number: [REDACTED]

Affected Account Active since 5/29/2015

Affected Account Address: [REDACTED] Timmons ville, SC [REDACTED]

Regular Home Account Name: Frank Ervin

Regular Account Number: [REDACTED]

Regular Home Account active since 12/22/1977

Regular Account Address: [REDACTED] Florence, SC [REDACTED]

Dear Mr. Fountain:

On Tuesday, December 11, 2018, we received a call from Consumer Affairs Representative Jackie Suggs regarding the Timmons ville account above. I was informed that our checking account (from which the regular monthly bill is debited) was erroneously debited in the above amount. This was not a mistake relating to electricity usage but rather a Misc* fee as described in the following screen print image:

The screenshot shows a web browser with multiple tabs. The active tab is 'Bill Analysis Tool'. The address bar shows 'https://www.progress-energy.com'. A pop-up window titled 'Other Charges' is displayed over the main content. The pop-up contains a table with two columns: 'Item' and 'Charge'. The table lists several charges, with 'Misc' having the highest value at \$9,611.90. Below the table, a disclaimer states: '*Charges include REPS, Late Payment Fee, Returned Check Fee, Product & Service Charges and other Service Charges'.

Item	Charge
Area Light	\$0.00
Street Light	\$0.00
Traffic Sig Light	\$0.00
Green Power	\$0.00
Energy Neighbor Fund	\$0.00
Misc	\$9,611.90

*Charges include REPS, Late Payment Fee, Returned Check Fee, Product & Service Charges and other Service Charges

We were initially informed that this amount would be reimbursed to us by check. This was not acceptable to us, and we asked to have our bank account credited directly. After an apparent meeting or separate discussion, the representative informed us that Duke Energy would be unable to do this. This explicitly admits that the billing system apparently cannot perform bidirectional transactions, and thus, is not state of the art. We then sought recourse at the bank and were informed that Duke Energy promptly received the money on November 30, 2018, so our capital has been earning you float interest since that date. As an aside, the bank manager had never seen such a mistake, but, once she examined our dilemma, she reassured us that no hold would be placed on the refund check when deposited. Our bank routinely places a hold of one week or longer on large out-of-state/network checks by which time we would then have been 3 weeks without access to the money.

We then requested that our check be sent overnight but were told we had "missed the cutoff" for the day, although it was not yet 2:00 P.M. You can investigate why refund checks cannot be mailed up until the end of the business day when all late mailings would

be processed. We were to be notified of the shipping information for the refund check the next morning, today, Wednesday. When Ms. Suggs was reached by phone at noon, she said she was working on it and called back with a tracking number about 1:30 P.M.

By sheer coincidence, we had transferred extra funds into this particular account for seasonal expenses and charitable contributions. So, by chance, there were enough funds to cover this debit. Otherwise, it would have bounced and caused much damage to our stellar credit rating as well as other accounts. Ms. Suggs indicated that Duke Energy would absorb fees associated with the error, but that does not fix the lack of timeliness and the uncertainty of our cash flow from this.

This last bill was mailed on December 7 and arrived yesterday, on December 11, the same day we were notified of the issue. It states that \$9619.13 had been drafted previously and that no payment was due on November 30, which was already past. What follows documents what may be serious issues within your accounting department. Note print screen image below where for 34 consecutive billing cycles the charges were always debited within the last few days of each month. However, for the first time, the September bill was not debited that same month but in the beginning of October. Then, there was no October bill issued, which would ordinarily have been received after the meter reading on the 15th and which would have shown a charge that would have been drafted at the end of that month. The screen print below documents that the system did not send an October bill for a usual end of month debit. Note this is first missing billing and debit occurrence in 3 years. Then we also did not receive the November bill (the meter was read on the 12th), which would ordinarily show the usual accounting, because the system failed. As the screen print documents, we had no advance warning whatsoever of what was going to occur. These variances from normal procedure should be an accounting red flag of possible serious and widespread errors.

2018			
	Amount	Channel	Status
11/29/18	\$9,619.13		Posted
10/2/18	\$15.79		Posted
8/29/18	\$12.07		Posted
7/27/18	\$13.13		Posted
6/28/18	\$13.97		Posted
5/26/18	\$13.84		Posted
4/26/18	\$14.09		Posted
3/28/18	\$14.09		Posted
2/27/18	\$16.19		Posted
1/27/18	\$17.72		Posted
Total	\$9,750.02		
2017			
	Amount	Channel	Status
12/23/17	\$14.09		Posted
11/23/17	\$13.97		Posted
10/26/17	\$13.84		Posted
9/28/17	\$17.59		Posted
8/28/17	\$37.22		Posted
7/28/17	\$40.18		Posted
6/28/17	\$49.88		Posted
5/28/17	\$19.96		Posted
4/28/17	\$11.34		Posted
3/30/17	\$11.46		Posted
2/25/17	\$11.46		Posted
1/29/17	\$10.91		Posted
Total	\$252.40		
2016			
	Amount	Channel	Status

We have enough executive administrative business knowledge and experience to disbelieve that this will be adequately handled by front line personnel and escalated to an appropriate management level. There appears to be serious ethical and substantial financial issues (nearing \$10,000 per incident) at stake here, not only for us, but for how many other customers? This is at a level where root cause analysis is mandatory to prevent a similar occurrence as:

- 1) It is unlikely this was a simple electron burp and bit/byte change as such would have affected only the actual charge.
- 2) This was a "Misc* fee" so, if it was entered automatically by the billing system, then there is a serious programming flaw.

- 3) If it was entered manually, then an employee performance failure to following correct and usual procedure has occurred, and administration needs to address that. This would not be expected to also correct the error in billing sequences.
- 4) That the September bill was not debited until early October and no October bill sent nor charge debited suggests this was the next step of a process gone rogue.
- 5) Regardless of how it happened, it remains astonishing that the billing system does not have built-in algorithms to have all transactions wherein were a bill to be an "XX" multiple of a normal charge or a bill were to be "\$XX" over a normal charge then same would automatically be sent to a human for review and approval.
- 6) The system is antiquated if it can truly not reverse charges or perform electronic credits after mistaken debits.

Thank you for promptly forwarding this situation to the appropriate executives, as serious systemic issues appear to be occurring, and service recovery has failed.

Sincerely,



F. Richard Ervin, MD, MBA and Diane M. Ervin, MSN, MBA

PS: Unaddressed formal complaints to Corporate Compliance and Ethics documented as follows:

We initially contacted the office of the corporate compliance and ethics officer (Mr. Fountain) and left a message. Unlike most corporate support lines Duke does not have an automatic "Message Received...." Reply. My email program requested a return reply that message was received but received nothing. We waited 6 weeks and heard nothing indicating that their internal compliance hotline is apparently non-functional, invalid, or even present at all and may be a total fake. As we could not complain about the Compliance Office to the Compliance officer we had no other course of action except to notify Duke's External Compliance Hotline at Ethics.Point. The screen print below shows that that this system likewise is also worthless as our concerns were never addressed:



PASSWORD SET AS the numbers ****

You are now in an EthicsPoint Secure Area | File a Report



YOUR REPORT KEY IS:

[REDACTED]

Write this down and keep this in a safe place!

You will need your report key and the password you selected to check on your report in the future or to make a follow-up.



PLEASE ALLOW 3-5 BUSINESS DAYS FOR PROCESSING AND REVIEW

Begin checking after 3-5 business days and then continue to check periodically to see if the organization has any additional questions for you to answer regarding your report.

HOW TO FOLLOW-UP ON A REPORT



Go to
piedmontng.ethicspoint.com

OR



Call our toll-free
hotline at
800-481-6946

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The screenshot displays a web browser window with the URL <https://dukeenergy.ethicspoint.com>. The page title is 'ISSUE TYPE: ANTI TRUST OR FAIR DEALING'. The left sidebar contains navigation links: 'Questions and Comments', 'Report Details', 'Print My Report', and 'Log Off'. The main content area is titled 'QUESTIONS AND COMMENTS' and contains the following text:

The organization sent these questions or comments before report was closed. You cannot respond.
1/31/2019 2:41 PM

Thank you for contacting the EthicsLine with your concern regarding an erroneous miscellaneous fee charged to your account and the timeliness of the refund associated with this error. An investigation into your concern will begin shortly. We do not have additional questions at this time. Please follow-up every week in case we have questions or need additional details. A summary response will be posted on this site once we have completed our investigation.
3/14/2019 4:17 PM

Thank you for contacting the Ethics Office to report how an account refund was handled. Your issue has been sent to the appropriate department within Duke Energy.

Your business is important to us and value your opinion on the efficiency of our refund processing.

If you have any additional questions and/or your issue remains unresolved, please feel free to contact us again.

Thank you.

THIS SUMMARY INDICATES THAT DUKE ENERGY HAS A BILLING SYSTEM THAT IS NOT “STATE OF THE ART”, IS NOT BI-DIRECTIONAL, HAS NO INTERNAL SAFETY CONTROLS THAT AUTOMATICALLY REFER UNUSUAL BILLING ISSUES, EVEN ONE OVER 400 TIMES HIGHER THAN NORMAL, TO A HUMAN FOR REVIEW. WORSE, DUKE ENERGY HAS A NON-EXISTENT CORPORATE COMPLIANCE AND ETHICS PROGRAM.